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Product Lend Spice To Case

By Phil Linsalata
Of the Post-Dispatch Staff

Inslaw's case against the Department of Justice brings together a cast of colorful, diverse characters and a widely used software product. This is a look at two of the leading characters.

Ari Ben-Menashe

Ben-Menashe, 39, had a 12-year career with the Israeli government. During much of the 1980s, he traveled the world to arrange the purchase of weapons for resale in accordance with Israeli policies.

He says that shifting political winds brought a job change in 1987, when he began a two-year

intelligence stint within the prime minister's office. He said that one of his last assignments there came in 1989 when he was asked to try to stop Carlos Cardoen's Chilean company from selling chemical arms to its main customer, Iraq.

"I failed," Ben-Menashe said of that mission.

Shortly after, he was indicted by the United States on charges of conspiring to sell transport planes to Iran. His trial in U.S. District Court in Manhattan ended in acquittal last year.

Earl Brian

Brian is a businessman whose resume lists large stakes in Financial News Network and United Press International. His connection to

Promis software was first alleged in court records in which William Hamilton and his wife, Nancy Hamilton, recalled an aggressive buyout offer from Hadron Inc., a subsidiary of Infotech-nology, a holding company owned by Brian.

Brian's attorney, Larry Hirsch, said Monday that claims by the Hamiltons against his client had been "absolutely false," from the first court record to the last.

Brian's more distant past includes a close relationship with former president Ronald Reagan. When Reagan was governor of California, Brian served as secretary of Health and Welfare.

His political ties surfaced again after Reagan nominated Edwin Meese III as attorney general. The investigation of an independent counsel dis-

closed that Meese had failed to report his wife's investment in two companies controlled by Brian and had failed to report a \$15,000 loan from a subordinate who was a close friend of Brian.

Promis Software

Inslaw's Promis software is indispensable in law enforcement circles. The software is used by federal prosecutors, by the city of New York and by Cook County, Illinois.

"Promis can be used as a professional work-flow tracking system," Hamilton said. "It can support any kind of investigative activity, including law-enforcement investigations and, evidently, intelligence-operations investigations."

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Software

From page one

Justice officials had stolen the software from the Hamiltons "through trickery, fraud and deceit."

Affidavits filed Monday suggest that the matter did not stop with the theft.

In one, former Israeli intelligence officer Ari Ben-Menashe said he was present when a close associate of Reagan peddled the software first to Israeli intelligence and later, through a middleman, to Iraqi intelligence.

The associate is Dr. Earl W. Brian, a principal of two financially troubled companies, United Press International and Financial News Network. Brian held a Cabinet-level position in California when Reagan was governor there.

When the Hamiltons' company was under financial pressure as a result of the dispute with the Justice Department, a company controlled by Brian offered to buy Inslaw. Hamilton refused, and the Justice Department mounted an effort to force Inslaw into liquidation, according to court records. The effort failed, and Inslaw is seeking damages from the government.

Ben-Menashe's affidavit, filed in U.S. Bankruptcy Court for the District of Columbia, states:

■ In January 1989, as a Special Consultant for Intelligence Affairs in the Israeli Prime Minister's Office, Ben-Menashe was told by Chilean

arms manufacturer Carlos Cardoen that he had "brokered a deal" between Brian and "a representative of Iraqi Military Intelligence" for the use of the Promis computer software. The deal was consummated in Santiago, Chile, where Cardoen's company, Industrias Cardoen S.A., has its headquarters. Until recently, Iraq was that company's biggest customer.

■ In 1987, Ben-Menashe attended a meeting at the headquarters of the Israeli Defense Forces where Brian declared that the software was in use in the United States by the CIA, the National Security Agency, the Defense Intelligence Agency and the U.S. Department of Justice. Only the Justice Department is authorized by the court to use the software.

■ Brian, as a private businessman, said he had acquired the property rights to the software and consummated a sale to Israel in 1987, although he had allowed its use by the Israeli intelligence forces for as many as five years before the actual sale.

Reached Monday at his home in Oxford, Md., Brian called the allegations "nonsense." He said he had never been to Santiago or Tel Aviv and did not know of Cardoen or Ben-Menashe. He said that until reading press accounts, he had never heard of the Hamiltons, Inslaw or Promis software.

Cardoen's attorney in the United States, Abbey Kaplan of Miami, said Ben-Menashe's affidavit "sounds like misinformation, designed to have people go in one direction in order to serve someone's purpose."

A second affidavit charges that the Canadian federal government is using Promis in 900 unauthorized installations, all within a single agency.

This surfaced after an arm of the Canadian government surveyed all federal offices to develop an inventory of software and whether it could function in both French and English. The survey found Inslaw's Promis software, and the survey team then questioned the Hamiltons as to whether it could support use in French.

To learn more, the Hamiltons sent their daughter, Patricia Hamilton, an Inslaw sales representative, to Montreal. In an affidavit filed Monday, she said that Canadian officials confirmed that the software was in use there. But the survey records do not show which agency has the software. Nor do they show who provided it.

Dennis Lachance, manager of the bilingual research project, confirmed in a telephone interview Monday the use of Promis. He said he was working to trace the use to a specific agency.

William Hamilton said the affidavits filed Monday explained the "desperate efforts" of Attorney General Richard Thornburgh and his predecessor, Edwin Meese, to deny the validity of court rulings favorable to Inslaw.

"The new evidence," Hamilton said, "strongly suggests that the U.S. Government not only stole Inslaw's Promis software for its own use in law enforcement and intelligence agencies, but also was involved in the sale of the software to foreign governments."

Although the Hamiltons won in trial before the

bankruptcy court and were upheld on appeal U.S. District Court, the Justice Department appealed anew before the U.S. Court of Appeals.

During this process, a court-ordered stay by the Justice Department's use or distribution of the Promis software beyond the offices where the software was in use when the dispute first arose.

The affidavits filed Monday were in support of a brief seeking new subpoena powers to gather evidence in support of the Hamiltons' claim that the Justice Department has violated the stay distributing the software.

As the Hamiltons press their case in the court, the Judiciary Committee of the House of Representatives is investigating the case in preparation for future hearings.

Among those deposed is Charles Hayes, operator of a government-materials salvage company in a rural area near Nancy, Ky. In a recent interview, Hayes said he told the Judiciary investigators that Canada and Israel had the software.

Hayes said he told the investigators that he had learned of Israeli possession from sources at the Mossad, an Israeli intelligence agency.

Hayes said that while under oath, he told the investigators that the software had been given to Canada by an individual "high in the Justice Department."

Hamilton said that sources had told him more than a dozen foreign governments that they had Promis through people connected with the U.S. government.

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